

STEEL & TUBE HOLDINGS LIMITED

AUDIT COMMITTEE

CHARTER

1. Composition

Chairman of Audit Committee
Two Independent Directors

Each member of the Committee must be a non-executive director.

A majority of members of the Committee must be independent directors within the meaning of the NZX Listing Rules.

At least one member of the Committee must have an accounting or financial background.

2. Terms of Reference

2.1 Duties and Responsibilities – The Committee is to:

- 2.1.1 Make recommendations to the Board on the appointment or replacement of the external auditors, including the rotation of the lead audit partner every five years. Review and agree fees for the external audit for internal audit, agree with management on the appointment of internal auditors;
- 2.1.2 Review significant business risks and oversee managements processes to mitigate the identified risks;
- 2.1.3 Review and recommend to the Board the external and internal audit plans for the upcoming financial year.
- 2.1.4 Review audit coverage for all major financial risks of the business and report to the Board on any issues arising from this coverage;
- 2.1.5 Monitor the working relationship between, and the effectiveness and independence of, the internal and external audit functions;
- 2.1.6 Monitor and review the framework, adequacy and security of internal control procedures, accounting and management information systems and corporate financial matters generally;
- 2.1.7 Review all significant accounting policy changes and where appropriate recommend them to the Board;
- 2.1.8 Review with the external auditors the half-yearly and annual financial statements prior to their external release and recommend financial statements to the Board, including whether the financial statements comply with applicable laws and regulations;

- 2.1.9 Review reports from the internal auditor on major issues arising from the internal audit program and report thereon to the Board as appropriate;
- 2.1.10 To provide an open communication channel between the internal and external auditors and the Board;
- 2.1.11 Review major non-financial regulatory matters through the use of a compliance monitoring reporting regime which covers the following areas of exposure:
 - statutory legal compliance; and
 - insurance.

2.2 Meetings - The Committee shall meet at least four times each year. Meetings held in February and August will focus on issues associated with the half-yearly and annual financial statements respectively. Meetings held in May and November will focus on financial compliance issues.

The Committee shall meet with the internal auditor and external auditor at least once each year without executives in attendance.

The Chief Executive Officer, Chief Financial Officer, Internal Audit Manager, External Audit Partner and Directors who are not members of the Committee may attend meetings at the invitation of the Committee.

2.3 Quorum – Chairman and one member of the Committee shall form a quorum, with one of these to have a financial background.

2.4 Calling of Meetings – Meetings shall be called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.

2.5 Minutes – Minutes of meetings of the Committee shall be kept by the Secretary and after confirmation by the Committee be presented to the Board at the next Board Meeting.

3. Relationship with Auditors

The Committee may communicate directly with, and is to have unrestricted access to, the external and internal auditors.

4. Provision of Non-Audit Services by External Auditors

The external auditors are able to provide tax advisory services. They can provide other services where they will not subsequently audit the services provided.

5. Relationship with the Board

The performance by the Committee of its duties and responsibilities under this Charter is to be regularly reviewed by the Board.

13 February 2004